



Condensed Consolidated Interim Financial Statements
For the Six-month Period Ended August 31, 2019 and 2018
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

Condensed Consolidated Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim unaudited financial statements for the six-month period ended August 31, 2019.

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	August 31, 2019	February 28, 2019
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 270,115	\$ 373,357
Receivables	4,8	252,056	28,043
Due from joint venture partner	5	1,081,344	1,085,692
Prepaid expenses		37,718	15,599
		1,641,233	1,502,691
Non-current assets			
Investment in joint venture	6	15,043,329	14,824,963
Reclamation deposits	9	54,222	31,760
Property, plant and equipment	7	82,775	1,528
Exploration and evaluation assets	8	3,512,689	2,445,815
		18,693,015	17,304,066
TOTAL ASSETS		\$ 20,334,248	\$ 18,806,757
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10,13	\$ 494,746	\$ 69,601
Deferred revenue	6	664	107,422
Current portion of lease payable	11	20,608	-
		516,018	177,023
Lease payable	11	60,187	-
TOTAL LIABILITIES		576,205	177,023
SHAREHOLDERS' EQUITY			
Share capital	12	43,135,662	41,645,496
Other reserves	12	8,296,207	8,007,772
Deficit		(31,673,826)	(31,023,534)
TOTAL SHAREHOLDERS' EQUITY		19,758,043	18,629,734
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 20,334,248	\$ 18,806,757

Nature of operations and going concern (note 1)
Subsequent events (note 15)

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Note	Three month period ended August 31,		Six month period ended August 31,	
		2019	2018	2019	2018
Expenses					
Consulting	13	\$ 31,140	\$ 46,030	\$ 90,615	\$ 73,320
Conventions and tradeshow		10,136	272	14,342	9,117
Corporate development		12,592	(3,203)	30,445	-
Depreciation		7,753	165	10,414	328
Director fees	13	15,500	12,500	31,739	25,000
Investor relations		7,266	6,042	11,957	16,168
Management fees	13	45,986	47,922	94,699	95,668
Office and miscellaneous		13,828	19,979	30,533	43,644
Professional fees		21,896	9,940	29,210	21,028
Project investigation costs		5,788	4,577	16,323	24,640
Salaries		10,762	-	36,412	-
Share-based compensation	12	40,804	-	291,556	231,104
Transfer agent and filing fees		7,681	8,282	11,016	17,838
		(231,132)	(152,506)	(699,261)	(557,855)
Other Items					
Impairment		-	(125,253)	-	(125,253)
Expenses recovered	8	8,166	-	8,166	-
Interest income		7,829	4,818	7,838	5,691
Share of joint venture loss	6	(1,361)	-	(2,141)	(1,894)
Other income		-	10,000	-	10,000
Interest expense	11	(1,669)	-	(2,259)	-
Management income	6	20,343	125,980	37,365	131,260
		33,308	15,545	48,969	19,804
Loss and comprehensive loss for the period		\$ (197,824)	\$ (136,961)	\$ (650,292)	\$ (538,051)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		97,784,451	90,242,081	95,712,440	88,518,569

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Note	Share capital		Warrant reserve	Other reserves	Deficit	Total Shareholders' Equity
		Number of shares	Amount				
Balance at February 28, 2018		86,635,121	\$ 40,710,973	\$ 175,345	\$ 7,836,703	\$ (31,195,283)	\$ 17,527,738
Shares issued for acquisition of property interests		212,058	29,688				29,688
Shares issued for cash - exercise of warrants		3,527,600	396,380	-	-	-	396,380
Shares issued for cash - exercise of stock options		400,000	39,000	-	-	-	39,000
Share issuance costs		-	(11,345)	-	-	-	(11,345)
Reallocation of fair market value of warrants exercised		-	110,060	(110,060)	-	-	-
Reallocation of fair market value of stock options exercised		-	12,860	-	(12,860)	-	-
Reallocation of fair market value of warrants expired		-	-	(51,683)	51,683	-	-
Share-based payments		-	-	-	231,104	-	231,104
Net loss for the period		-	-	-	-	(538,051)	(538,051)
Balance at August 31, 2018		90,774,779	\$ 41,287,616	\$ 13,602	\$ 8,106,630	\$ (31,733,334)	\$ 17,674,514
Balance at February 28, 2019		92,849,668	\$ 41,645,496	\$ -	\$ 8,007,772	\$ (31,023,534)	\$ 18,629,734
Shares issued for cash - flow-through financing	12	4,850,000	1,455,000	-	-	-	1,455,000
Shares issued for cash - exercise of stock options	12	100,000	5,000	-	-	-	5,000
Shares issued for acquisition of property interests	12	150,000	40,000	-	-	-	40,000
Share issuance costs	12	-	(12,955)	-	-	-	(12,955)
Reallocation of fair market value of stock options exercised		-	3,121	-	(3,121)	-	-
Share-based payments	12	-	-	-	291,556	-	291,556
Net loss for the period		-	-	-	-	(650,292)	(650,292)
Balance at August 31, 2019		97,949,668	\$ 43,135,662	\$ -	\$ 8,296,207	\$ (31,673,826)	\$ 19,758,043

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three month period ended		Six month period ended	
	August 31,		August 31,	
	2019	2018	2019	2018
Operating activities				
Net loss for the period	\$ (197,824)	\$ (136,961)	\$ (650,292)	\$ (538,051)
Adjustments for non-cash items:				
Depreciation	7,753	165	10,414	328
Share of joint venture loss	1,361	-	2,141	1,894
Interest on lease payable	1,662	125,253	2,252	125,253
Management fee income	(20,343)	(125,980)	(37,365)	(131,260)
Share-based compensation	40,804	-	291,556	231,104
Changes in non-cash working capital items:				
Receivables	(59,776)	1,286	(58,750)	(13,771)
Due from joint venture partner	4,348	-	4,348	-
Prepaid expenses	(121)	(8,746)	762	(1,935)
Trade payables and accrued liabilities	33,150	47,021	36,971	15,248
Net cash flows used in operating activities	(188,986)	(97,962)	(397,963)	(311,190)
Investing activities				
Expenditures on exploration and evaluation assets	(793,023)	(190,733)	(828,964)	(231,118)
Investment in joint ventures	(289,900)	-	(289,900)	-
Reclamation deposits	(22,462)	62,524	(22,462)	62,524
Net cash flows used in investing activities	(1,105,385)	(128,209)	(1,141,326)	(168,594)
Financing activities				
Proceeds on issuance of common shares net of share issuance costs	(2,408)	217,783	1,442,045	424,033
Options exercised for cash	5,000	-	5,000	-
Lease payable repayments	(8,215)	-	(10,998)	-
Net cash flows provided by (used in) financing activities	(5,623)	217,783	1,436,047	424,033
Decrease in cash and cash equivalents	(1,299,994)	(8,388)	(103,242)	(55,751)
Cash and cash equivalents, beginning of period	1,570,109	985,475	373,357	1,032,838
Cash and cash equivalents, end of period	\$ 270,115	\$ 977,087	\$ 270,115	\$ 977,087

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations and going concern

Serengeti Resources Inc. (the "Company" or "Serengeti") was incorporated on March 5, 1973, under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "SIR".

The head office and principal address of the Company is 800 West Pender Street, Suite 520, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered and records office address is 1185 West Georgia Street, Suite 1750, Vancouver, British Columbia, Canada, V6E 4E6.

Going concern

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At August 31, 2019, the Company had not achieved profitable operations, had a net loss of \$650,292 for the period ended August 31, 2019 and accumulated losses of \$31,673,826 (February 28, 2019 - \$31,023,534) since inception, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to raise equity capital or borrowings sufficient funds to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. Significant accounting policies and basis of preparation

These consolidated financial statements were authorized for issue by the directors of the Company on October 30, 2019.

Statement of compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended February 28, 2018 with the exception of the new accounting policy adopted in the current period.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended February 28, 2018.

2. Significant accounting policies and basis of preparation (cont'd)

New accounting standards

Effective March 1, 2019, the Company has adopted *IFRS 16 Leases*. IFRS 16 is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The Company is a lessee in respect of its office lease. As a result of the new accounting policy, the Company recorded a lease liability and a leased office asset of \$91,661 at the inception of its office lease on May 1, 2019. The asset is being amortized over the lease term of 3 years on a straight - line basis. Lease payments are being recorded against the lease liability and interest expense of 8% is being recorded on the liability.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	August 31,		February 28,
	2019		2019
Cash at bank	\$ 19,115	\$	145,857
Guaranteed investment certificates	251,000		227,500
	\$ 270,115	\$	373,357

4. Receivables

	August 31,		February 28,
	2019		2019
Exploration costs recoverable from joint venture partner	\$ 27,731	\$	19,281
Exploration tax credit receivable	165,263		-
Goods and services tax receivable	53,915		8,354
Other receivables	5,147		408
	\$ 252,056	\$	28,043

5. Due from KCC

Pursuant to the joint venture agreement with Kwanika Copper Corporation ("KCC"), (Note 6), the Company is entitled to the proceeds from the Mineral Exploration Tax Credit to be paid to KCC and has been recorded as a receivable and included in the statement of financial position in due from KCC. The estimated proceeds of \$1,082,286 were included in other income in the statement of income and comprehensive income for the year ended February 28, 2019.

6. Investment in joint venture – Kwanika Copper Corporation

On November 24, 2017, Serengeti completed a transaction whereby Serengeti, POSCO DAEWOO Corporation, since renamed Posco International Corporation ("PIC") and KCC (formerly Daewoo Minerals Canada Corporation) signed a definitive joint venture agreement (the "JVA") for the exploration and development of the Kwanika (the "Project"). Pursuant to the JVA, the respective interests of Serengeti and PDI in the Project were transferred to KCC, which serves as the vehicle for the joint venture.

Serengeti Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited - Expressed in Canadian Dollars)
For the Six-month Periods ended August 31, 2019 and 2018

6. Investment in joint venture - Kwanika Copper Corporation (cont'd)

PIC contributed a total of \$8,300,000 in cash and holds 8,200,000 million common shares of KCC (representing 35% of the total issued shares of KCC). Serengeti contributed its 95% ownership of the Kwanika property, in exchange for 15,228,571 common shares of KCC (representing 65% of the total issued shares of KCC).

Serengeti will remain as project operator so long as it maintains a majority interest and receives a 10% management fee on expenditures. Management fee income of \$37,365 (2018: \$131,260), representing 35% of the management fees earned from the joint venture in the current period, has been recorded in the consolidated statement of loss and comprehensive loss for the period ended August 31, 2019.

In addition to maintaining its Project interest, Serengeti will be granted a 1% net smelter return royalty ("NSR") if its Project interest is diluted below 50% and an additional 0.5% NSR if its interest is diluted below 33 ⅓%, subject to partial buyback provisions to PIC. PIC will have certain concentrate offtake rights from production on the project, subject to Serengeti's ability to enter into separate streaming arrangements.

Summarized statement of financial position – Kwanika Copper Corporation

	August 31, 2019 (unaudited)
Current assets	\$ 938,876
Non-current assets	23,226,596
Total assets	\$ 24,165,472
Current liabilities	\$ 317,647
Shareholders' equity	
Common shares	
Serengeti Resources Inc.	15,518,471
Daewoo Minerals Canada Corporation	8,456,100
Deficit	(126,746)
Total shareholders' equity	23,847,825
Total equity and liabilities	\$ 24,165,472

Changes in the investment in joint venture for the period ended August 31, 2019 are as follows:

Balance February 28, 2019	\$ 14,824,963
Investment in joint venture	289,900
Share of joint venture loss from March 1, 2019 to August 31, 2019	(2,141)
65% of management fee income earned from joint venture from March 1, 2019 to August 31, 2019	(69,393)
Balance August 31, 2019	\$ 15,043,329

Serengeti Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited - Expressed in Canadian Dollars)
For the Six-month Periods ended August 31, 2019 and 2018

7. Property, plant and equipment

	Leased Office		Furniture and Equipment		Total
Cost					
Balance February 28, 2019	\$	-	\$	26,956	\$ 26,956
Additions		91,661		-	91,661
Balance August 31, 2019	\$	91,661	\$	26,956	\$ 118,617
Accumulated depreciation					
Balance February 28, 2019	\$	-	\$	25,428	\$ 25,428
Additions		10,185		229	10,414
Balance August 31, 2019	\$	10,185	\$	25,657	\$ 35,842
Net book value					
Balance February 28, 2019	\$	-	\$	1,528	\$ 1,528
Balance August 31, 2019	\$	81,476	\$	1,299	\$ 82,775

The leased office is being amortized on a straight-line basis over the lease period of 3 years.

8. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the period ended August 31, 2019:

	Atty	Milligan West	TopCat	Other	Total
Property acquisition costs					
Balance, beginning of period	\$ 126,551	\$ 43,111	\$ -	\$ 817,039	\$ 986,701
Additions	25,797	-	45,000	15,168	85,965
Balance, end of period	152,348	43,111	45,000	832,207	1,072,666
Exploration and evaluation costs					
Balance, beginning of period	378,916	521,816	-	558,382	1,459,114
Costs incurred during period:					
Aircraft	251,467	-	-	47,715	299,182
Analysis	29,924	-	-	11,149	41,073
Camp and operations	82,739	-	12,915	33,362	129,016
Consulting	166,619	1,453	6,621	74,032	248,725
Drilling	323,273	-	-	-	323,273
Geophysics	-	-	-	62,140	62,140
Storage	-	2,472	-	4,472	6,944
Travel and accommodation	17,030	-	-	10,623	27,653
	871,052	3,925	19,536	243,493	1,138,006
Recovery costs during the period:					
Exploration tax credits	(113,675)	(2,610)	-	(40,812)	(157,097)
Balance, end of period	1,136,293	523,131	19,536	761,063	2,440,023
Total	\$ 1,288,641	\$ 566,242	\$ 64,536	\$ 1,593,270	\$ 3,512,689

Serengeti Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited - Expressed in Canadian Dollars)
For the Six-month Periods ended August 31, 2019 and 2018

8. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the year ended February 28, 2019:

	Atty	Milligan West	Other	Total
Property acquisition costs				
Balance, beginning of year	\$ -	\$ 43,111	\$ 791,175	\$ 834,286
Additions	126,551	-	25,864	152,415
Balance, end of year	126,551	43,111	817,039	986,701
Exploration and evaluation costs				
Balance, beginning of year	-	513,115	554,258	1,067,373
Costs incurred during year:				
Aircraft	135,515	-	30,781	166,296
Analysis	15,699	359	3,117	19,175
Camp and operations	44,378	2,106	16,475	62,959
Consulting	64,372	5,137	39,244	108,753
Geophysics	101,038	-	64,021	165,059
Travel and accommodation	17,914	2,750	10,321	30,985
	378,916	10,352	163,959	553,227
Other items:				
Cost recoveries	-	(1,651)	-	(1,651)
Impairment	-	-	(159,835)	(159,835)
Balance, end of year	378,916	521,816	558,382	1,459,114
Total	\$ 505,467	\$ 564,927	\$ 1,375,421	\$ 2,445,815

a) ATTY and ATG Claims

The Company entered into an agreement to acquire a 100% interest in the Atty property from Finlay Minerals Ltd. ("Finlay") and adjacent claims ("ATG Claims") from Electrum Resource Corp. ("Electrum") on March 4, 2018 and the agreement was approved by the TSX-V on April 10, 2018.

In consideration for the interest in the Atty property the Company is required to complete aggregate exploration expenditures of \$12,000,000 over eight years, of which \$300,000 is required for 2019, make aggregate cash payments of \$625,000 over eight years of which \$25,000 was due upon signing (paid), and make \$975,000 in payments, payable in cash or shares of the Company, of which \$25,000 was due on TSX-V approval of the transaction (314,265 shares with a fair value of \$75,283 and \$26,365 cash have been issued and paid to date). Electrum is entitled to a net smelter return royalty of 3% on the property which may be reduced to 1.5% by making aggregate optional payments of \$500,000. During the year ended February 28, 2019, the Company issued 56,882 shares with a fair value of \$20,478 in optional payments towards reducing the net smelter return royalty.

The Company also agreed to make a payment of the lesser of \$1,000,000 or the value of 500,000 shares of the Company upon a production decision for the property.

In consideration for the ATG Claims, the Company is required to issue 200,000 shares of the Company, of which 40,000 were to be issued on TSX-V approval with the remaining 160,000 shares to be issued at 40,000 shares per year for a period of four years (80,000 shares with a fair value of \$20,000 have been issued to date).

8. Exploration and evaluation assets (cont'd)

b) Milligan West

The Company owns a 56.3% interest in the Milligan West property in joint venture with Fjordland Exploration Inc., an arm's-length company also listed on the TSX-V.

c) TopCat

On July 19, 2019, the Company has optioned a large group of claims covering approximately 20,600 hectares in Central British Columbia. The Company's 3,762-hectare Goose property lies along the western margin of the claim group and will be combined with the new claims as the TopCat project.

The Company may earn 100% interest by:

- Making staged cash payments totaling \$340,000 over 5 years; \$18,000 of which was paid on signing;
- Issuing a total of 1,500,000 common shares in stages over 5-year period, with 100,000 shares to be issued upon TSX Venture Exchange approval of the option agreement (issued) (Note 12);
- Incurring a total of \$1,250,000 in exploration expenditures over a 5-year period within a minimum of \$100,000 to be spent before the first anniversary of the agreement;
- Granting the optionors a 3% net smelter royalty (NSR) on the property, subject to the Company's right to purchase a 2% NSR for \$2-million at any time prior to the first anniversary of commercial production.

e) Other B.C. Properties

Serengeti holds a 100% interest in a number of other properties and an approximately 56.3% interest in one additional property in joint venture partnership with Fjordland Exploration Inc, all of which are located in British Columbia.

During the period ended August 31, 2019, the Company recorded \$165,263 in BC Mineral Exploration Tax Credits ("BCMETS"), of which \$157,097 was allocated to the exploration and evaluation assets and the balance of \$8,166 to the statement of loss and comprehensive loss.

9. Reclamation deposits

The Company has posted bonds and investment certificates to provide for certain potential reclamation liabilities as agreed with the Province of British Columbia – Ministry of Energy, Mines and Petroleum Resources.

	August 31,	February 28,
	2019	2019
Balance, beginning of period	\$ 31,760	\$ 94,284
Changes in period	22,462	(62,524)
Balance, end of period	\$ 54,222	\$ 31,760

Serengeti Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited - Expressed in Canadian Dollars)
For the Six-month Periods ended August 31, 2019 and 2018

10. Trade payables and accrued liabilities

	August 31,	February 28,
	2019	2019
Trade payables	\$ 448,777	\$ 42,272
Amounts due to related parties (Note 13)	8,730	6,478
Accrued liabilities	37,239	20,851
	\$ 494,746	\$ 69,601

11. Lease payable

On May 1, 2019, the Company entered into an office lease agreement for a period of three years. The lease payments are \$2,739 per month for the first year and rise by approximately 4% each year thereafter. The Company has recorded the lease as a liability and the leased office as an asset in accordance with IFRS 16. The fair value of the lease of \$91,661 was determined through discounting the future lease payments at a market rate of interest applicable to a similar loan for the purchase of the office space.

The following table summarizes the lease transactions for the period ended August 31, 2019:

	August 31,	February 28,
	2019	2019
Current portion	\$ 20,608	\$ -
Long term portion	60,187	-
	\$ 80,795	\$ -

	August 31,	February 28,
	2019	2019
Balance at beginning of period	\$ -	\$ -
Additions	91,661	-
Payments made	(13,118)	-
Interest recorded	2,252	-
Balance at end of period	\$ 80,795	\$ -

12. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At August 31, 2019, there were 97,949,668 issued and fully paid common shares (February 28, 2019 – 92,849,668).

On May 17, 2019, the Company completed a non-brokered private placement financing, issuing 4,850,000 flow-through common shares at a price of \$0.30 per share for gross proceeds of \$1,455,000. Share issuance costs of \$12,955 were incurred in connection with the private placement.

On July 19, 2019, the Company issued 25,000 shares at fair value of \$6,500 each to Kwadacha First Nation and Tsay Keh Dene Nation pursuant to the exploration agreement on Atty property (Note 8).

12. Share capital and reserves (cont'd)

On August 2, 2019, the Company issued 100,000 shares at a fair value of \$27,000 pursuant to the option agreement on TopCat project (Note 8).

During the period ended August 31, 2019, 100,000 stock options were exercised for gross proceeds of \$5,000.

Basic and diluted loss per share

The basic and diluted loss per share for the period ended August 31, 2019 was \$0.01 (2018 - \$0.01). The calculation of basic and diluted loss per share for the period ended August 31, 2019 was based on the loss attributable to common shareholders of \$650,292 (2018 - \$538,051) and the weighted average number of common shares outstanding of 95,712,440 (2018 - 88,518,569). The diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive. At August 31, 2019, the total number of potentially dilutive warrants was 2,150,000 (2018 - 2,875,100) and the total number of potentially dilutive stock options was 7,795,000 (2018 - 8,245,000). The aggregate number of potentially dilutive shares was 9,945,000 (2018 - 11,120,100).

There were no warrant transactions for the period ended August 31, 2019.

Warrants

Warrants outstanding at August 31, 2019 are as follows:

Number of warrants	Exercise price	Expiry date
2,150,000	\$0.22	Dec 13, 2019

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V policies, grant to directors, officers, employees and consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance does not exceed a fixed total of 12,624,000. Such options may be exercisable for a period of up to five years from the date of grant.

During the period ended August 31, 2019, The Company granted 1,550,000 stock options with an exercise price of \$0.23, exercisable for a period of 5 years and 150,000 stock options with an exercise price of \$0.23, exercisable for a period of 2 years.

Serengeti Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited - Expressed in Canadian Dollars)
For the Six-month Periods ended August 31, 2019 and 2018

12. Share capital and reserves (cont'd)

Stock options (cont'd)

The changes in stock options during the period ended August 31, 2019 and year ended February 28, 2019, are as follows:

	August 31, 2019		February 28, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	6,195,000	\$ 0.11	8,270,000	\$ 0.10
Options granted	1,700,000	0.23	1,800,000	0.15
Options exercised	(100,000)	0.05	(2,050,000)	0.08
Options expired	-	-	(1,825,000)	0.12
Options outstanding, end of period	7,795,000	\$ 0.14	6,195,000	\$ 0.11
Options exercisable, end of period	7,261,666	\$ 0.14	6,195,000	\$ 0.11

Details of options outstanding as at August 31, 2019 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.05 - \$0.095	1.55 years	2,545,000	2,545,000
\$0.15 - \$0.23	3.69 years	5,250,000	4,716,666
	2.75 years	7,795,000	7,261,666

During the period ended August 31, 2019, the Company granted 1,700,000 (2018 – 1,800,000) stock options with a weighted average fair value of \$0.14 (2018 – \$0.12) per option. The Company recorded share-based compensation of \$291,556 (2018 - \$231,104) relating to options vested during the period.

The fair value of options granted was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	August 31, 2019	August 31, 2018
Expected life of options	4.74 years	4.67 years
Annualized volatility	129.97%	124.32%
Risk-free interest rate	1.58%	2.03%
Dividend rate	0%	0%

Warrant and share-based payment reserves

The share-based payment and warrant reserves comprise stock-based compensation expense and other warrant payments. When stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

13. Related party transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 10). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

	August 31,	February 28,
	2019	2019
Directors and officers of the Company	\$ 8,730	\$ 6,478

Key management personnel compensation – paid or accrued

Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. The Company has determined that its key management personnel consists of the Company's Board of Directors and corporate officers.

	Six month period ended August 31,	
	2019	2018
Management fees	\$ 91,759	\$ 93,178
Consulting (1)	93,825	61,659
Director fees (2)	31,739	25,000
Share-based compensation	234,205	195,074
	\$ 451,528	\$ 374,911

(1) Includes accounting fees paid to a company controlled by the CFO of \$35,055 (2018: \$44,559).

(2) Of the \$31,739 director fees \$27,739 was accrued

14. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from its ability to raise equity capital or borrowings sufficient funds and its holdings of cash and cash equivalents.

Historically, the Company's principal source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding.

14. Financial risk management (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash and cash equivalents, receivables, reclamation deposits and trade payables. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

15. Subsequent event

Subsequent to the period ended August 31, 2019:

- In September 2019, The Company closed a convertible loan financing of \$700,000 with various private investors (Lenders). Proceeds from the loan financing will be used to cover the Company's share of current expenditures for the Kwanika PFS and for general corporate purposes. A total of 2,187,500 Debentures were issued to the Lenders at a deemed value of \$0.32 per Debenture and any common shares which may be issued on conversion of the Debentures shall be subject to a statutory hold period which expires on January 17, 2020. No commissions or finder's fee were paid in relation to the loan financing;
- In September 2019, 100,000 stock options were exercised for gross proceeds of \$7,000;
- A total of 100,000 of warrants were exercised for gross proceeds of \$22,000;
- In September 25, 2019, 400,000 stock options were granted to a new director, exercisable at a price of \$0.30 for a period of 5 years.